

Prime Minister.

SECRET AND PERSONAL

We must go into this very

I have a lot of sympathy for Harekine's complaint. But he has -
deliberately - not copied his minutes to
Cabinet colleagues: you will therefore be able
to make only indirect use of it with them.
Mr Jenkin's office has confirmed that the



PRIME MINISTER
in NHS staff over the last year is indeed 25,000.
He will be mentioning you early next week with an explanation!

13 February 1981

Thoroughly indeed!
learned the facts for -
Peter Gordon. ms

13.2.81

I was extremely disturbed by the discussion at Cabinet yesterday morning about manpower in the National Health Service, and the Civil Service.

At the cost of provoking serious personal animosity in local government - an animosity which I fear is felt by members of our own Party too - I have fought for 2 years to bring about reductions in local government manpower. As you will recall, within days of the election I called for a freeze on manpower. I have made a series of speeches to local government conferences, I have had dozens of meetings with individual authorities or leaders, and I have taken - with the backing of Cabinet - an extremely tough stance on local government current spending, of which 70% goes on wages and salaries. The first real reductions in local authority manpower have now started to come through. After 30 years where the graph inexorably rose - with the exception of a small hiccup in the aftermath of the IMF cuts - as a result of our policy local government manpower is beginning to decline. Since the election, manpower has dropped by 2% - the fastest ever rate achieved - producing a reduction of 42,000 staff in local government overall. I am maintaining the pressure. I very much hope that in the future the rate of decrease will continue.

But I simply do not now know how I can explain to local government that over a single year the manpower employed in the National Health Service has increased by 25,000 or 2.1%. The rate of increase is marginally faster than the rate of decrease achieved in local government. It means that for all the anguish I have gone through to reduce local government numbers the net effect on the public sector is wiped out to a very large extent.

I cannot accept that it is sufficient to argue that local government is over-manned and therefore can bear the strain better than the Health Service. Local government, of course, is over-manned, but many of the services which it provides - such as personal social services - have just as great a case for special concern as those provided by the NHS.

Over recent years a very substantial bureaucratic organisation has been built up in the NHS. For example, table 3.41 of the CSO Annual Abstract of Statistics 1981 shows that between 1971 and 1978 administration and clerical staff in the hospital services have nearly doubled from 54,509 to 106,637. There are grounds for believing that there is just as much, if not more, inefficiency in the use of manual and ancillary staff in the NHS as in local government.

This has made me think again about our commitment to savings in Civil Service manpower. The fact that the NHS can increase by 25,000 in a single year contrasts starkly with the efforts being made in DOE, as well as the policies I seek to bring about in local government. I feel even more bitter when I look at the efforts which my Ministers and civil servants have made in my own Department, with unprecedented controls on recruitment and manning, to secure manpower targets to which I had committed myself. Since the election DOE manpower has been reduced from 56,039 to 50,038 - a drop of 11%. There is now anguished debate as to how we can find the last 50 before April!

These results were achieved without transfers of staff to any other agency or government department or privatisation (with the exception of 4 staff who went to OAL). It was achieved by tight Ministerial control on recruitment and manning; and through the development of a management information system for Ministers which means that, for the first time, I have costed manpower data on the activities of every part of the Department. May I suggest that one of the first priorities of Mr Littler's group is to satisfy you of the existence of equivalent machinery in Whitehall at large?

As you will see from the attached note, I am looking for real manpower reductions of 26% in all, which are greater than those being sought in any other government department, except perhaps for the Lord President. I believe my targets will be achieved. If some of the ideas I have for this area are brought about I should be able to make even greater savings. So I am committed between now and 1984 to a further 16% saving; and this could reach 20% or more. I believe that it would be invaluable if you had made available to you for your own personal consideration a schedule showing the staff in post of each government department at May 1979, showing the run-down and latest SIP, but with details of how it has been achieved, including - on a common format - figures for inter-government transfers, transfers to local authorities, transfers to quasi-public authorities etc.

In addition, I have brought about the quarterly publication of manpower figures for every local authority. I publish on a quarterly basis the manpower figures for my own Department. All ancillary bodies related to my Department are now going to produce figures. Each has been told clearly the reduced staff levels we expect of them. As you know, this week I sent in teams of accountants to the water authorities: one of their objectives is to look at staffing levels.

The fundamental point I would make is that none of this can be done without an unusual degree of Ministerial commitment to the detail of the processes, without which such results are not attainable. I am resolutely behind holding to the 6% cash limit. But before I can move to the point in my own Department where I have to introduce compulsory redundancy I believe it is only fair to me to be assured that the same management controls operating in my own Department are operating in other Departments. On the evidence of past achievement and future targets, it is difficult to avoid the conclusion that one of the most significant reasons for the wide differences is that the special pleading which I have had to sweep aside from local government - and on occasion, from within my own Department - has been accepted in other areas. As a result, manpower targets have not been hit and we see the results we now see in the Health Service.

I write in these terms because I cannot believe that we should allow ourselves to fail in so critical an area and on objectives to which we were so deeply committed.

Might

MH

Manpower: Contributions required from Departments by 1.4.84
in order to meet the Prime Minister's 630,000 target

DEPARTMENT

(Overall staff saving
required 1.4.79-1.4.84)

	% ^(a)	Posts
Lord President	29.9	3,873
Environment	26.1	14,604
Industry	23.1	2,194
Transport	22.9	3,183
Defence	19.3	47,660
Exchequer	19.2	24,305
Agriculture	17.3	2,406
Education & Science	17.3	457
Welsh Office	15.9	412
Trade	15.3	1,515
Energy	14.0	177
DHSS	10.9	10,669
Scottish Office	10.1	11,604
Employment	8.7	988
Foreign Office	8.2	4,652
Northern Ireland Office	7.5	16
Lord Chancellor	3.1	512
Home Office	+4.2	+1,410
(Others)	0.5	40

Notes

(a) All percentages show staff savings expressed as a percentage of the SIP figure for 1.4.79.

<i>Department</i>	<i>Staff in post at 1st April 1979</i>	<i>Staff in post at 1st October 1980</i>	<i>Target Staff in post at 1st April 1984 (Rounded to nearest 100)</i>
MAFF	13,956	13,406	11,600
Chancellor of the Exchequer's Departments	126,905	115,938	102,600
Defence	247,660	235,226	200,000
Education and Science	2,647	2,571	2,200
Employment Group	53,625	50,912	49,000
Energy	1,267	1,222	1,100
Environment and Ordnance Survey	56,039*	49,360*Ø	41,400++
FCO/ODA	12,078	11,605	11,100
Health and Social Security	98,369	97,917	87,700
Home Office	33,490	34,924	34,900
Industry	9,514	9,120	7,300
Lord Chancellor's Departments	16,518	16,370	16,000
Lord President's Departments	12,957	12,289	9,100
Scottish Office	11,119	10,911	10,000
Trade, Office of Fair Trading and Export Credits Guarantee Department	9,940	9,458	8,400
Transport	13,908	13,291	10,700
Welsh Office	2,607	2,388	2,200
Other Departments	9,723	10,167	9,700
Contingency margin	—	—	15,000
TOTALS (rounded)	732,300	697,100	630,000

* includes Ordnance Survey

++ includes 800 staff to transfer to DTp on 1.4.81

Ø 1276 staff working for the US Forces are excluded



10 DOWNING STREET

From the Principal Private Secretary

16 February, 1981.

The Prime Minister has asked me to thank your Secretary of State for his Secret and Personal minute of 13 February, 1981, about manpower in the public services.

Like Mr. Heseltine, the Prime Minister is most disturbed about the increase in National Health Service manpower, and your Secretary of State might like to see, as a measure of her concern, the attached copies of some correspondence about Mr. Jenkin's proposal to publish a document setting out national priorities and policies for the Health and Personal Social Services.

The Prime Minister understands that Mr. Jenkin will be letting her have very shortly a note on the apparent increase of 25,000 in the staff of the National Health Service.

C. A. WHITMORE

David Edmonds, Esq.,
Department of the Environment.

PERSONAL AND CONFIDENTIAL



10 DOWNING STREET

MR. WHITMORE

I see that Mr. Heseltine has approached the Prime Minister on a personal basis about the NHS staff increase. Do you want to send him a copy of my letter below on a personal basis, to show that the Prime Minister is taking the matter seriously? There is no other basis for copying to him without copying to the whole of Cabinet.

M. A. PATTISON

16 February 1981



file 1/16

10 DOWNING STREET

From the Private Secretary

16 February 1981

We had a word this morning about your Secretary of State's letter of 12 February covering the draft document on priorities and policies for the health and personal social services.

As I told you, the Prime Minister wants to understand the basis on which the National Health Service staff count has apparently increased by some 25,000 since the Government came to power. She is not ready to approve publication of the document until she has seen the staffing points satisfactorily clarified.

I am sending copies of this letter to Peter Jenkins (H.M. Treasury), Stephen Boys-Smith (Home Office), Jim Buckley (Lord President's Office), Nick Huxtable (Office of the Chancellor of the Duchy of Lancaster), Murdo Maclean (Chief Whip's Office) and David Wright (Cabinet Office).

M. A. PATTISON

Don Brereton, Esq.,
Department of Health and Social Security.

SP

PERSONAL



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

13 February 1981

Dear Clive

W
B

My Secretary of State will be grateful if you could put the attached minute before the Prime Minister. As you will see, it is marked "secret and personal". For this reason, and in view of the contents, my Secretary of State has not copied it to Ministerial colleagues.

For en
D A

D A EDMONDS
Private Secretary

Clive Whitmore Esq
No 10